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Chairman: Mr. TEIRLINCK (Belgium)

CONTENTS

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued)

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

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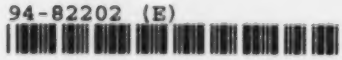

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 104: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/48/516 and Add.1, A/48/572 and A/48/587; A/49/5 (vols. I-IV) and Add.1-9, A/49/214, A/49/348 and Add.1-2, A/49/368 and A/49/547)

1. Mr. BIRENBAUM (United States of America) said that the reports of the Board of Auditors revealed that the deficiencies in financial controls, procurement and control of non-expendable property which the Board had criticized repeatedly in previous bienniums had still not been rectified, despite promises of action by the Secretariat. The Integrated Management Information System (IMIS), which had been put forward as a cure for many of the problems, had not been adequately implemented.

2. It was, however, encouraging to note that, as recommended by his delegation, action had been taken to strengthen the internal audit function by means of a direct reporting channel to the Secretary-General. The newly established Office of Internal Oversight Services would have the powers that had been recommended, although much needed to be done to ensure that it had the resources to fulfil its tasks, one of the most important of which would be to ensure that the recommendations of the Board of Auditors were implemented, thus putting an end to the cycle of deficiencies.

3. His delegation noted that the Board of Auditors had drawn attention to continuing problems in the area of budgetary control and had described the excess of expenditures over allotments in the biennium 1992-1993 as unprecedented. Two years earlier, the Secretariat had promised to ensure compliance with existing rules and regulations and had given an assurance that problems would be resolved when IMIS became operational. The fact that IMIS was still not in place did not absolve the Secretariat of responsibility for the proper administration of resources. His delegation expected that, with the advent of the new system of accountability and responsibility, the necessary internal controls would be put into place without delay.

4. Another problem was cash management, in particular the absence of effective internal controls which had led to the loss of $3.9 million in April 1994. His delegation expected the Secretariat to provide a full accounting of that incident and to institute remedial measures to prevent a recurrence. With regard to procurement, the same deficiencies had been noted as in previous bienniums, particularly in connection with peace-keeping operations; as the Board of Auditors had repeatedly recommended, the United Nations must have a procurement policy that promoted competition, fairness and transparency; moreover, the personnel involved in procurement needed training and relevant expertise and should be held accountable for their actions. The Board had once again found deficiencies in the hiring practices for consultants, experts and short-term contractors, especially at the regional commission level. The control of non-expendable property also continued to be problematic. That was

hardly surprising, since no physical inventory had been conducted at Headquarters since 1987.

5. His delegation called on the Secretariat to put an end to the perennial deficiencies to which attention had been drawn and to proceed immediately with the necessary corrective action to ensure that programme managers complied fully.

6. His delegation noted the comments of the Board regarding the term of office of its members and favoured an extension of the term from three to four years, with a limit of two consecutive terms, to permit synchronization with the budget cycle, and to allow a greater number of Member States to participate in the important external oversight function.

7. Much remained to be done to bring the United Nations into compliance with the findings of the Board of Auditors and his delegation urged the new senior management of the Department of Administration and Management to place that task at the top of its agenda; that was a precondition for restoring the faith of the membership in the Secretariat.

8. Mr. MIR MOHAMMAD (Islamic Republic of Iran) said that his delegation attached great importance to the work of the Board of Auditors, which enabled Member States to ascertain whether the resources they made available to the Organization were properly used and to find a satisfactory way of remedying any shortcomings and deficiencies. He noted that the Board had found material uncertainty about the valuation placed on assessed contributions receivable in the case of certain peace-keeping operations, and called on the newly established Office of Internal Oversight Services to investigate that matter promptly and to report its findings to the General Assembly.

9. It was a matter of great concern to his delegation that the shortcomings in connection with the procurement of goods and services that had been noted in previous bienniums had still not been remedied. In many cases, the United Nations did not use competitive bidding; used a relatively narrow range of suppliers; failed to vet or approve them systematically; and did not effectively monitor and evaluate their performance. He agreed with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that it was a very useful device for the Board's report to include a section containing its comments on action taken to implement its recommendations.

10. The procurement policy of the agencies in the field was another area of concern; priority should be given to local procurement wherever possible, provided that it met the requisites of competitive bidding in terms of both quality and price.

11. His delegation shared the concern expressed by the Board in volume II of its report (A/49/5) concerning the financial reports and audited financial statements with respect to peace-keeping operations. All contracts for services should be awarded through competitive bidding and should be openly advertised.

12. Referring to the report of the Board concerning voluntary funds administered by the United Nations High Commissioner for Refugees (A/49/5/Add.5), he said that his country suffered from a considerable shortfall between the increasing needs of its large refugee population and the available international assistance. As stated in the report, the total spending of UNHCR was less than its total income; moreover, the UNHCR report for 1993-1994, as well as its proposed programme budget for 1995, showed a sharp decrease with respect to his country. His delegation called on UNHCR to revise and increase the budget allocation.

13. Stricter control should be exercised over travel by consultants between the field and Headquarters so as to reduce expenditure on such travel for the benefit of the projects themselves. It would also be helpful if the agencies were to inform the host countries of their detailed audited expenditures, thus enabling those countries to allocate their resources more effectively.

14. His delegation supported the recommendation that the current three-year term of office of members of the Board should be extended to six years. Such an arrangement, whereby each member of the Board would cover three full financial cycles, with one member's term of office expiring at the end of each biennium, would ensure continuity in the work of the Board.

15. Mr. RAZALI (Malaysia) said that his delegation was concerned by the discrepancies, irregularities and negligence, both at United Nations Headquarters and in the field, noted by the Auditors in their report. Many of the irregularities could have been avoided if those involved had complied with the Financial Regulations and Rules of the United Nations. His delegation agreed with the Board's recommendations on the need for cost-effective procurement of goods and services. Open international tender would be one way of achieving that and would have the added advantage of allowing the developing countries to participate in the provision of goods and services to the United Nations. The disturbingly high level of exemptions from competitive bidding was a matter of great concern. The United Nations should plan its procurement activities so as to keep urgent requests to a minimum, to take advantage of the best available prices and to make only rare exceptions to the rule of competitive bidding.

16. On the subject of cash management, his delegation noted that the proliferation of United Nations bank accounts was an inefficient way of utilizing existing cash balances, on which a significantly higher rate of interest could be earned. The reduction in the number of bank accounts would also improve administrative efficiency, thus lowering administrative costs as well as bank charges.

17. His delegation shared the concern of the Board at the laxity of budgetary control, especially with regard to expenditures in excess of budgetary allocations which, in many cases, had been incurred without the written authorization of the Controller, contrary to the Financial Rules.

18. The delay in upgrading the United Nations computer information network through the introduction of the Integrated Management Information System (IMIS) was regrettable. It appeared that the project had been conceived in a haphazard fashion with inadequate planning for its full implementation.

19. The failure of the Secretariat to comply with the regular reminders by the Board on the need for a complete physical inventory of property at Headquarters was a serious matter and his delegation supported the Board's recommendations that a physical inventory should be undertaken as a matter of priority.

20. His delegation was also concerned at the high operating expenditures of the United Nations on salaries, common staff costs and overtime; the ratio of such expenses to total expenditure was, in his delegation's view, far too high. Excessive expenditure on salaries was an inefficient way of utilizing the funds provided by Member States. While his delegation supported the Board's recommendation that training should be given to staff involved in financial matters, some of the errors, such as the failure to match invoices against deliveries, were so elementary as to defy comprehension.

21. The Board's reports quoted many instances of poor supervision and management and his delegation therefore supported the suggestion in the report of the Advisory Committee (A/49/547) that separate reports by the Board might have to be submitted on larger peace-keeping operations.

22. His delegation supported the recommendations of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418), particularly concerning the periodic review of the financial and staff regulations and rules, the strengthening of the internal and external audit functions, and the imposition of surcharges on those who violated the provisions of the Financial Regulations and Rules.

23. Mr. DROZDOV (Ukraine) said that his delegation welcomed the creation of the Office of Internal Oversight Services; the concentration of all auditing, inspection, control, evaluation and monitoring functions within a single structural unit would not only result in a more rational use of resources but would also enhance the effectiveness of internal oversight within the Secretariat and consequently increase the confidence of Member States in the United Nations. For that reason, his delegation was willing to support any proposals for an increase in the financial resources and staffing of the Office of Internal Oversight Services. It considered that the internal oversight machinery of the Board of Auditors and the Joint Inspection Unit should also be strengthened and that the Board should have greater independence in its activities. The time had now come to consider the question of introducing an additional section in the programme budget concerning the activities of the Board and to make corresponding changes in the medium-term plan.

24. The financial reports and audited financial statements enabled Member States to assess the effectiveness with which the financial resources they had made available to the Organization were used. His delegation noted the measures taken by the Secretary-General to implement the recommendations of the Board of

Auditors, which were of the greatest importance in ensuring the rational and effective use of the Organization's financial resources, and the steps taken by the Secretary-General to introduce systematic budgetary control over expenditure, including expenditure on projects financed by special funds.

25. The irregularities with respect to procurement were a matter of particular concern. The Secretariat should focus on those recommendations by the Board which called for a review of the policy with regard to the acquisition of supplies and equipment, for clarification of the concepts of urgency and exceptions to the rules in connection with the acquisition of equipment for peace-keeping operations, and for increased use of competitive bidding and the review of the list of suppliers. The training of staff involved in procurement was of particular importance.

26. His delegation welcomed the fact that for the first time the Board had submitted a report and audited financial statements on United Nations peace-keeping operations. His delegation endorsed the view of the Advisory Committee that some larger operations might have to be dealt with separately. The report of the principal findings and conclusions of the Board of Auditors (A/49/214) revealed cases of fraud or presumptive fraud. Cases of unauthorized procurements, overpayments and other instances of the improper use of funds were also noted in the report of the Ad Hoc Intergovernmental Working Group of Experts (A/49/418). His delegation was greatly concerned about such cases and felt that everything should be done to minimize the likelihood of error or deliberate fraud by staff members. Further efforts should be made to establish effective procedures to secure compensation for the losses suffered by the Organization and to call those responsible to account.

27. In conclusion, his delegation supported the recommendations of the Board of Auditors concerning a change in the term of office of its members.

28. Mr. HANSON (Canada), speaking on behalf also of Australia and New Zealand, said that the financial statements were an essential instrument of management enabling Members to assess the Organization's financial situation, determine the use of funds and examine the result of operations. The information presented in the statements must be clear and complete.

29. The adoption of common accounting standards for the United Nations system represented an important step forward. Notwithstanding the fact that the Panel of External Auditors and ACABQ had estimated that it would, in fact, take a number of years for them to be fully applied throughout the system, three of the standards should be applied as early as possible.

30. First, provision should be made for possible delays in the collection of contributions. As at 31 December 1993 an amount equal to 71 per cent of the Organization's total assets had been receivable in the United Nations General Fund, a large percentage of which related to contributions for 1992 or before. Making provision for such delayed payments must not, however, detract from the treaty obligations of Member States to pay assessed contributions in full and on time.

31. Second, the value of any accumulated surplus or deficit should be disclosed in such a manner as to indicate the amounts actually available for distribution. In that connection, the amount of $100.9 million indicated under the heading of the United Nations General Fund as a surplus available for credit to Member States as at 31 December 1993 (A/49/5, vol. I, p. 104) might not in fact represent the amount available to be distributed. It seemed, rather, that there might actually be a deficit of $872,000.

32. Third, liabilities for end-of-service benefits should be provided for in the accounts. Where full provision was not made, appropriate disclosure should be made in the notes and the total estimated liabilities should be quantified. That had not been done in the financial statements of the United Nations, and that omission should be rectified in the statements for the next biennium.

33. In certain cases, pledged but unpaid contributions relating to future fiscal years had been accounted for in the period ending 31 December 1993. In the case of the United Nations Children's Fund (UNICEF), for example, that had had the effect of overestimating total assets by 9 per cent and liabilities by 24 per cent. Only pledged contributions received or relating to the fiscal period under audit should be included in the report, and those relating to future periods should appear in the notes to the statements.

34. The universal application of accounting standards throughout the system was essential for fair and equitable comparisons between organizations. While it would be hard to implement the recommendation of the Board of Auditors that valuations of goods, contributions in kind and cash held in non-convertible currencies should be indicated, the difficulties would have to be addressed through the application of uniform valuation methods throughout the system.

35. Given that expenditure on peace-keeping operations accounted for some 32 per cent of the total expenditures of the system, proper controls must be applied. He welcomed the recommendation of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418) concerning the need for additional financial and staff rules for temporary peace-keeping missions. In addition, the Secretariat must respond adequately to the recommendations of the Board of Auditors with respect to such operations.

36. The introduction of individual financial statements for peace-keeping operations was a useful innovation, but such statements should encompass all relevant activities to ensure adequate disclosure. He fully agreed with the Board's reservation regarding unpaid assessed contributions to peace-keeping operations. The shortfall in contributions by some Member States exacerbated distortions in the financial statements.

37. The weaknesses revealed in purchasing procedures were one of the main management problems to be addressed. The purchasing system must become more transparent and fairer. He supported the Secretary-General's initiative with regard to a review of current procedures by a high-level group of independent experts.

38. With regard to programme management, he pointed out that in some cases requirements had not been clearly identified before certain amounts had been spent. Objectives must be defined in terms that would facilitate an assessment of actual achievements, and there must be effective follow-up. The Board's recommendations aimed at improving the efficiency of programme and project management should be implemented as soon as possible.

39. The report on the implementation of the recommendations of the Board of Auditors (A/49/348) was useful. It would be beneficial if the Board could report to the Fifth Committee, before the programme budget for the biennium 1996-1997 was finalized, on the development of the assumptions used in the presentation of the programme budget and performance reports.

40. Lastly, he supported the proposal that the term of office of Board members should be extended to six years, since under the current system auditors might leave just when the knowledge they had acquired could be used to the best effect.

AGENDA ITEM 105: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/49/16 (Part II), A/49/34, A/49/98 and Add.1-2, A/49/336, A/49/418, A/49/449, A/49/471, A/49/560; A/C.5/49/1)

41. Mr. NIAZI (Assistant Secretary-General for Internal Oversight Services) said that the Secretariat was in the middle of a transition to a new management and accountability culture, within which the oversight function would have to operate. While the volume of the Secretariat's work with regard to the production of reports and the servicing of meetings had not decreased, the volume of operational activity in the political, peace-keeping and humanitarian areas had increased enormously, thereby transforming the managerial problems of the Organization.

42. One result had been that the demands on the staff had changed from those of administration to those of achieving objectives. From an auditing perspective, that meant a change from low-risk to high-risk activity, in that the ability to take initiatives, rather than a knowledge of routines, was required. Yet the culture prevalent in the Secretariat and in intergovernmental review bodies had not yet undergone an equivalent transformation. New skills, new control frameworks and a new attitude to initiative were necessary, and the Office of Internal Oversight Services could contribute in that regard by helping to formulate the necessary policy changes.

43. The proposed system of responsibility and accountability would not work unless initiative and innovation were rewarded, and inefficiency, ineffectiveness and violations of procedure were penalized. The Organization must improve its internal control system to ensure that all staff were aware of their responsibilities and were able to discharge them effectively. The Organization's practices tended to inhibit initiative, particularly where there was a need for rapid response.

44. Since the Organization's staff were its biggest asset and accounted for the highest share of costs, savings and efficiency would come only from new methods of motivating and utilizing the staff to the full. Although managers tended to view training as a cost rather than an investment, it was obvious that the Organization stood to lose far more by neglecting training than by providing it, particularly in a period of transition.

45. As was suggested in the name of the Department of Administration and Management, administration and management were two different activities. It was quite possible to be good at administration, dealing with day-to-day problems, yet bad at management, which was concerned with achieving objectives. A good manager was an enthusiast and a striver, qualities that were not highly regarded in the Secretariat. Cautious administrative types had, in the past, been more likely to be regarded as suitable for higher responsibility. The Organization must now learn to value other types of merit.

46. The report of the Office of Inspections and Investigations, which had been superseded by the Office of Internal Oversight Services (A/49/449), demonstrated the role of the Secretariat in the formulation of the new oversight function. A new investigation unit had been established in response to large-scale fraud in peace-keeping operations, which operated in areas where no financial infrastructure existed and there was a consequent need for major cash transactions. The Office had also realized that the Organization had much to learn about contract management, since supervision of contractors to ensure that goods and services were delivered as specified was inadequate. In that connection, resident auditors were now being deployed to peace-keeping missions. The new resident auditor for the United Nations Operation in Somalia (UNOSOM) had already identified some $4 million in overpayments, a result which fully justified the new practice. The Committee for Programme and Coordination (CPC) had, moreover, mandated in-depth evaluations of peace-keeping for the next two years.

47. A new inspection function had been established, and several reviews had already been conducted where the Office had indications that programme oversight and control systems were less than adequate. Some of the ensuing recommendations had already been acted upon. In that connection, the Fifth Committee should take a decision on the recommended termination of 173 outputs carried over from previous bienniums.

48. The Administration must be provided with adequate resources to institute proper controls, and care must be taken to ensure that economies in that area did not open the way to losses that would outweigh the economies. The question of compliance with oversight recommendations was also important. The Office of Internal Oversight Services, under its new head, would assist in tackling those and other problems inherent in the transition to a new management culture.

49. Mr. MARUYAMA (Japan) said that his delegation welcomed the efforts made by the Secretariat to change the Organization's management culture, a process that must be carefully planned and carried out with determination. A system of responsibility and accountability would be essential in that connection, and his

delegation endorsed the measures proposed by the Secretariat. The groundwork must first be laid, including the simplification and updating of rules and regulations, a clear definition of the authority and responsibility of each manager, and the provision of training. The new performance appraisal system, if carefully planned and properly applied, should also contribute. After the restructuring of the last few years, the time had now come to consolidate and to improve coordination. Once the process had been completed, the Secretariat should issue an evaluation report.

50. Given the importance of an oversight mechanism, he looked forward to the role which the Office of Internal Oversight Services would play in enhancing compliance with the rules and regulations and in improving efficiency. The Office should be given adequate levels of personnel and financing. Efforts to simplify the medium-term plan still further and to link it directly to the programme budget would also improve efficiency, as would the budget outline for the biennium 1996-1997, with its identification of priority areas.

51. Mr. TESFAYE (Ethiopia) said that a transparent and efficient system of accountability and responsibility was fundamental to sound management, particularly given the current proliferation of United Nations activities. He welcomed the consolidation of Secretariat structures in the political and humanitarian sectors and the emphasis on a better integration of the economic and social dimensions of development. Administrative structures and budget allocations should reflect an integrated approach to trade, finance, investment and technology, with due regard for operational activities. Ongoing efforts to improve coordination and make effective use of available resources should be encouraged, and the Organization's programme of work and resource allocation must be constantly adapted to the changing priorities of Member States. He believed that the new performance appraisal system would reward individual staff members for good performance or penalize them for mismanagement and wrongdoing. In that connection, the Office of Internal Oversight Services might advise the Administration with regard to the efficient use of resources.

52. Regrettably, the United Nations did not have the resources it needed to shoulder its heavy burdens. Good intentions and comprehensive programmes of action were useful only when they were supported by the necessary financial resources. His own Government paid its assessments in a timely manner.

53. Mr. DROZDOV (Ukraine) said that the measures taken to restructure the Secretariat and ensure its efficiency would strengthen the authority of the United Nations. His delegation fully supported the steps taken by the Secretary-General, in compliance with General Assembly resolution 48/218 A, to introduce a transparent and effective system of accountability and responsibility which would form a sound basis for a new management culture within the Secretariat. He was pleased to note that the Fifth Committee also supported the decentralization of programmes and the delegation of authority. The policy of giving programme managers greater authority to decide on the deployment of the human and financial resources allocated was a good basis for enhancing the effectiveness of the Organization for the benefit of all its members. That should not, however, be a one-way process: it was necessary to

insist on greater accountability and responsibility not only for managers but also for all Secretariat staff in accordance with established rules.

54. The performance appraisal system would be a useful component of the system of accountability and responsibility and his delegation appreciated the report of the Joint Inspection Unit on that matter.

55. It was important that the Secretariat should have the support of the membership of the United Nations in introducing a transparent and effective system of accountability and responsibility. It was also important that the implementation of the reform should continue to be monitored by the appropriate intergovernmental bodies. There was a need for a continuing constructive dialogue between the United Nations Secretariat and Member States.

56. In recent years, there had been major changes to the Secretariat structures in the political, humanitarian, economic and social sectors, and the report of the Secretary-General on that matter (A/49/336) contained a generally encouraging assessment of what had been achieved. While his delegation was generally in favour of the changes, it nevertheless considered that it was still too early to make a final assessment. His delegation agreed that the restructuring of the United Nations Secretariat should be an ongoing and future-oriented process. However, experience had shown that frequent organizational restructuring might have undesirable results. The time had now come for a phase of consolidation without further major structural changes. The new organizational structures should coordinate their activities, which should be geared to serving the interests of all countries, including those with economies in transition.

57. Mr. FLORENCIO (Brazil) said that, while much had been done during the forty-eighth session to enhance the Organization's administrative and financial functioning and to strengthen oversight, it would be useful to consider the establishment of an additional body to deal with financial irregularities in the light of other initiatives. In that connection, the report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418), should be taken up in conjunction with the report on jurisdictional and procedural mechanisms for the proper management of resources and funds of the United Nations (A/49/98 and Add.1-2).

58. Among the proposals contained in the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1), he welcomed, in particular, the proposal for an independent review of procurement processes and procedures. In that connection, his delegation would ensure an ex post facto scrutiny of the Organization's contracting policy. A summary of all bidding processes and contract awards should be circulated to Member States. Moreover, appropriate emphasis should be given to training so as to avoid any recurrence of current difficulties.

59. He welcomed the Chairman's initiative in requesting the views of the Chairmen of the other Main Committees on aspects of the restructuring of the Secretariat on which the Committee for Programme and Coordination (CPC) had not

been able to reach consensus. His delegation shared the views of CPC on the programme budget outline for the biennium 1996-1997.

60. The Fifth Committee's own method of work, built on the premise that every effort should be made to reach consensus, had been the subject of some criticism. While it did not subscribe to such criticism, his delegation was willing to consider ways to improve the Committee's procedures. In that regard, the role of ACABQ had clearly withstood the test of time, and the advantages of its technical advice should not be discounted. Nevertheless, he looked forward to receiving the Advisory Committee's views on how it might improve its own functioning.

61. Mr. NITHIANANDUM (Singapore) said that the United Nations must periodically reform itself in order to avoid a disjunction between its organizational and management processes and the achievement of its objectives. It must remain structurally relevant in the current changing world in order to respond swiftly to the new problems. The Secretariat was therefore to be commended for the reforms already introduced, in particular the establishment of the new Office of Internal Oversight Services.

62. It appeared, however, that the new Office had not been provided with adequate human and financial resources, without which it might, like its predecessor, fail to achieve its promise. Failure to create a system of penalties for mismanagement and misconduct would lead to diminished administrative efficiency and professional integrity and even to financially imprudent decisions. On the other hand, good work and conduct should be rewarded by means of effective performance appraisal arrangements.

63. The Secretary-General was right to argue that a definitive evaluation of the restructuring could not yet be attempted, but an interim assessment could note the progress made and the difficulties encountered so far. In any event, evaluation should be a continuing process.

64. The Secretariat must keep in view the fundamental objective of the restructuring, which was to ensure flexibility in the achievement of the tasks assigned to it. However, his delegation agreed with the Secretary-General that periods of structural reform should alternate with periods of consolidation. The new management culture outlined by the Under-Secretary-General for Administration and Management would improve staff confidence and allay the concerns of Member States about weak management. The mission-driven approach should be imbued with pragmatism, with the emphasis on leadership and resourcefulness and with an awareness of what could be achieved within the inherent structural limitations.

65. The proposed new format of the medium-term plan was a considerable improvement over the previous format, but it should be made more concise in order to maximize its usefulness to programme managers. The Committee for Programme and Coordination was right to advocate a balance between the persistent problems to be addressed by the Organization and the emerging trends.

66. As the Secretary-General had noted, the training available to staff was unsatisfactory, and his proposals for improvements in that area, in particular the provision of training in management and financial responsibilities, were welcome. Those improvements and the other organizational changes proposed should enable the United Nations to enter the twenty-first century equipped to fulfil its primary purpose of maintaining international peace and security.

67. Mr. PRASODJO (Indonesia) said that the capacities and resources of the United Nations had not been increased in keeping with the increased expectations placed in it. Restructuring was therefore essential, and the heart of the challenge was to improve staff performance, in particular by means of increased accountability, as called for in General Assembly resolution 48/218. His delegation agreed with the Secretary-General that the old bureaucratic routines must be replaced with a more responsive management culture.

68. Built-in controls were, however, needed in order to strengthen a mission-driven Organization in which the Secretariat and intergovernmental bodies interacted. In that connection, he welcomed the new Office of Internal Oversight Services, as well as the plan for further training of programme managers and supervisors and the training of staff members in financial and administrative matters.

69. He also welcomed the establishment of an independent expert group to review procurement procedures. Procurement should be based on public tendering and not limited to the so-called prospective suppliers. The findings of the review should be made available to Member States and a full-time committee on contracts should be established.

70. His delegation also agreed with the Secretary-General that planning was an essential function of management. Equally important were coordination, especially with regard to oversight and control, and a sustained dialogue between Member States and the Secretary-General.

71. Mr. DIMOV (Bulgaria) welcomed the establishment of the Office of Internal Oversight Services, which was a vital part of the new system of accountability, and supported the call for an increase in the financial and human resources allocated to it.

72. It also welcomed the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) and endorsed the objective of the new system, which was to create a mission-driven and result-oriented Organization in which the Secretariat and the intergovernmental bodies interacted on an ongoing basis. As the representative of Germany, speaking on behalf of the European Union and Austria, had stated, the Organization was entering a period in which Member States and the Secretariat could cooperate in joint efforts to make the Secretariat a leaner, more dynamic and more effective tool for the achievement of the objectives of the international community.

73. There was no doubt that accountability, responsibility and the delegation of authority were fundamental to sound management. Increased responsibility implied increased accountability, which was a precondition for a transition from centralized control from the top to a decentralized mode of operational responsibility. The framework for a proper system of accountability and responsibility should be a clear definition of mandates and directives in the medium-term plan, with its new format, and the reflection of those mandates and directives in the Organization's budget.

74. His delegation welcomed the report of the Secretary-General on the restructuring of the United Nations Secretariat (A/49/336), which provided an assessment of the impact on programmes of the restructuring measures introduced by the Secretary-General during the biennium 1992-1993. It welcomed the introduction of a new Headquarters structure and the initial steps that had been taken to improve coordination. Early action should, however, be taken to resolve the pending issue of coordination between the Secretariat, operational programmes and the Bretton Woods institutions. Urgent attention should also be paid to such areas of activity as peace-keeping operations and procurement contracts in order to ensure a proper and cost-effective use of the Organization's resources.

75. Mr. VARELA (Chile) said that his delegation was sure that the long-term task of reforming the Secretariat would be continued successfully. In that spirit, it welcomed the establishment of a transparent and effective system of accountability and responsibility, which must be given the necessary resources and institutional backing. It also welcomed the other proposed measures and endorsed the recommendation of CPC that future proposals should be submitted to the General Assembly through CPC or ACABQ. The new management culture could not be put in place overnight, since it required a remotivated and retrained staff with good career prospects.

76. While it agreed with the Secretary-General that some time must elapse before any evaluation of the restructuring could be made, his delegation could already commend the changes which would help the regional commissions to respond more effectively to the needs of Member States. The attempt to improve coordination in the economic and social sectors was also welcome, but resources should not be allocated to those sectors at the expense of activities related to international peace and security; the latter must remain the focus of the Organization's attention. The new Department of Administration and Management should certainly have a beneficial impact on the whole system, and the establishment of the Office of Internal Oversight Services was an essential move. Chile supported the view of the European Union and Austria that the Office's main function should be to improve the Organization's internal management. The Office must be provided with increased resources, but not to the detriment of priority activities.

77. Chile endorsed in general the recommendations of the Ad Hoc Intergovernmental Working Group of Experts (A/49/418), for it was aware that the few cases of corruption in the Organization affected its staff and its

credibility. Corrective action must therefore be taken, in particular by introducing clear rules for procurement and supply.

78. Over the years the technical skills and the independence of the Board of Auditors had worked to the benefit of the whole system, and his delegation agreed that action should be taken to adapt the audit exercise to the new circumstances. The new format of the medium-term plan would also make a considerable contribution to improving the efficiency of the Organization. His delegation therefore looked forward to receiving the comments of the Advisory Committee on the new format as soon as possible.

79. The frank approach taken by the Secretary-General in his reports was essential to the establishment of an efficient administration capable of tackling the challenges of a changing world. The new system must be continually refined through a dialogue between the Secretariat and Member States which would enhance the mutual trust crucial to the functioning of the Organization.

80. Mrs. ARAGON (Philippines) said that mechanisms must be put in place to ensure the implementation of mandated programmes in the context of the vastly expanded workload and budget of the Organization. Her delegation therefore welcomed the proposal for a transparent and effective system of accountability and responsibility, which would contribute to greater efficiency and productivity. Programme managers must indeed be held more accountable for programme delivery, but a balance must be maintained between decentralization and delegation of authority, and central control and monitoring.

81. The recognition by the Secretary-General of the need to review procurement procedures was timely, particularly in view of the increasing costs of peace-keeping operations. Her delegation shared the concern expressed by the Board of Auditors concerning procurement procedures and it noted the Secretary-General's intention to establish an independent group of experts to review the system. The findings of the review should be made available to Member States.

82. The introduction of a new performance appraisal system was a welcome development. A system of rewards and sanctions must operate at all levels of the Organization, and particular attention should be given to the need, identified by JIU, for an assessment of the managerial performance of senior officials. Programme managers and supervisors should certainly receive further training, as should staff members at all levels in order to advance their careers. That applied particularly to women staff members.

83. The new Office of Internal Oversight Services would have an important role to play in ensuring the accountability of programme managers. It should be provided with adequate human and financial resources but not at the expense of other priority programmes.

84. Her delegation had noted the views of the Board of Auditors and JIU on ways and means of enhancing their external oversight functions and it awaited with interest the views of ACABQ and CPC on that topic. Member States should pay more attention to the reports of the external oversight bodies, especially when

they dealt with the implementation by the Secretariat of the recommendations of the General Assembly. The Office of Internal Oversight Services should include that question in its work programme.

85. Mr. ETUKET (Uganda) noted that, in his report on the restructuring of the United Nations Secretariat (A/49/336), the Secretary-General had promised a detailed assessment of the restructuring process; that assessment should be included in the reports of the Secretariat on the proposed programme budget for the biennium 1996-1997 and the programme performance report for the biennium 1994-1995.

86. While he welcomed the positive aspects of the restructuring process, he said that the negative impact of that process on some mandated programmes and on United Nations staff remained a cause of legitimate concern. The General Assembly had recognized the existence of the problem, most recently in its resolution 48/218. The aim of any response to the situation should be to nurture dialogue and mutual confidence between the Secretariat and the relevant intergovernmental machinery in order to ensure that the restructuring process enjoyed the support of Member States, and to foster mutual respect for the respective roles and mandates of the Secretary-General, on the one hand, and the General Assembly and the relevant intergovernmental bodies, on the other.

87. It was a matter of concern that development programmes, including the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), the United Nations Centre for Human Settlements (Habitat), and the Department for Development Support and Management Services, had the lowest rates of programme implementation. Overall, the rate of programme implementation had declined from 77.3 per cent in the biennium 1990-1991 to 73.8 per cent in the biennium 1992-1993. While his delegation recognized that a number of factors had contributed to that decline, it was logical to conclude that the restructuring of the Secretariat had had a negative impact on some programmes, particularly those concerned with development. The Secretariat should not mistake the legitimate concern of Member States merely for resistance to change, but should take action to address those concerns. For its part, the Committee should make specific recommendations to the General Assembly aimed at redressing or mitigating the adverse effects which restructuring had had on some programmes, in particular recommendations to ensure increased human and financial resources for programmes and activities relating to African recovery and development, the least developed countries, the Office of the Special Coordinator for Africa and the Least Developed Countries, the Economic Commission for Africa, and the United Nations African Regional Institute for the Prevention of Crime and the Treatment of Offenders (UNAFRI), commensurate with the priority which the United Nations had accorded them. The staffing levels of those Secretariat structures should also be comparable to those of other Secretariat structures dealing with equally important issues, such as human rights. In implementing programmes and activities relating to African recovery and development and the least developed countries, the Secretariat should act with the same high level of enthusiasm and motivation as it had in the restructuring of the political, humanitarian and human rights sectors. It was within that general framework that his delegation would be

approaching the proposed new format of the medium-term plan and the revised estimates to be taken up by the Committee during the current session.

88. As for the specific restructuring measures outlined in the report of the Secretary-General, his delegation would support the implementation of those which were clearly within the purview of the Secretary-General and which had a potential or actual positive impact on programmes and on the functioning of the Secretariat. It urged the Secretariat to await the decisions of the General Assembly or of the relevant intergovernmental bodies before implementing those restructuring measures which were within their purview, such as the transfer of the Electoral Assistance Division to the Department of Peace-keeping Operations and the role of the Administrator of the United Nations Development Programme (UNDP) in the area of coordination. It also urged the Secretariat to submit to the General Assembly at its fiftieth session, through CPC and the Advisory Committee, the results of the review of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget and Monitoring of Implementation and the Methods of Evaluation, and of the Financial Regulations and Rules, referred to in paragraph 24 of the report of the Secretary-General (A/C.5/49/1), prior to their implementation.

89. The restructuring process had been in progress for several years and a considerable amount of time and resources had been expended on it. Mandated programmes and activities had often had to be postponed or even terminated for the sake of restructuring. It was therefore time for the United Nations to refocus its limited available resources on the actual implementation of programmes.

90. Mr. CHABALA (Zambia) said that the report of the Secretary-General on the establishment of a transparent and effective system of accountability and responsibility (A/C.5/49/1) set forth important initiatives and proposals aimed at changing the management culture of the Organization, increasing its efficiency and effectiveness and improving the quality of services. The success of the new system would depend on the mandates and policy guidance provided by Member States.

91. His delegation agreed with the Secretary-General (para. 109) that the objective of the exercise should be the creation of a mission-driven and result-oriented Organization in which the Secretariat and the intergovernmental bodies interacted on an ongoing basis, but had the confidence to concentrate their efforts on their respective functions. Those functions were clear and distinct and must be respected. On the one hand, it was the prerogative of Member States to provide mandates and policy guidance through intergovernmental bodies, while, on the other hand, the Secretary-General was responsible for implementing legislative mandates and other policy directives and administering the human and financial resources allocated to programme managers for the delivery of mandated outputs. There was a need for constant and constructive interaction between the Secretariat and the intergovernmental bodies in their collective mission to achieve the Organization's strategic objectives. That need was inescapable and reflected the spirit of shared but differentiated responsibilities which the new system of accountability and responsibility

sought to promote. While occasional criticisms were inevitable, as in any healthy relationship, such criticisms should be made in the context of clearly defined areas of responsibility and accountability.

92. The establishment of an effective system of accountability and responsibility posed a challenge both to the Secretariat and to Member States. In the case of Member States, there was an urgent need to simplify mandates and policy directives. In that connection, he welcomed the prototype of a new format of the medium-term plan (A/49/301) and the measures taken by the Secretary-General to improve the content and clarity of the programme budget and to link resource allocations to the Organization's strategic imperatives.

93. The success of the new system would also depend on the willingness of Member States to pay their assessed contributions. Programme managers entrusted with the responsibility and authority for implementing programmes must be provided with the corresponding financial, human and material resources if they were to be held accountable for the delivery of related outputs. His delegation commended the Secretariat on recent and proposed initiatives to implement the guiding principles of responsibility, authority and accountability with respect to staff throughout the United Nations system, including the regional commissions, peace-keeping operations and other missions in the field.

94. His delegation wished to underscore the importance of providing training to programme managers, supervisors and staff members. It shared the Secretary-General's view that programme managers must be appropriately trained to exercise authority judiciously. Staff members must also have access to and be required to undertake appropriate training in order to carry out their functions effectively and efficiently.

95. Of particular interest were the measures under way to review the existing system for the delegation of authority in order to identify areas in which authority could be delegated in the interests of more efficient management of human resources. In that connection, the implementation of the Integrated Management Information System (IMIS) would have a beneficial impact. His delegation supported the priority given to the delegation of authority to field operations, including peace-keeping operations. It also welcomed the important measures taken to ensure the accountability of programme managers and other staff for the delivery of outputs and services. Staff accountability would be facilitated by the application of the new performance appraisal system which was based on communication between managers and staff. It would also be strengthened by mechanisms that included rewards and sanctions to motivate staff at all levels.

96. In its resolution 47/226, the General Assembly had stressed the importance of a just, transparent, simple, impartial and efficient system of internal justice in the Secretariat. The existing system of internal justice was cumbersome, costly and replete with inordinate delays. It was a matter of grave concern that investigations of staff members had in many cases dragged on for periods of over a year, during which time the staff members concerned had had to forgo any opportunities for advancement and other privileges which they might

otherwise have enjoyed. Justice delayed was justice denied, and investigations must therefore be expedited to establish the innocence or culpability of staff members accused of wrongdoing.

97. Finally, his delegation welcomed the establishment of the Office of Internal Oversight Services, which would exercise operational independence under the authority of the Secretary-General. It was gratified to note that the Office might also advise programme managers on the effective discharge of their responsibilities and would ensure that falsely accused staff members were fully cleared and that disciplinary and/or jurisdictional proceedings were initiated without undue delay in cases where the Secretary-General considered it justified. It was important, however, for the Office to coordinate its activities with those of the Board of Auditors and the Joint Inspection Unit in order to minimize the duplication of efforts.

98. Mr. JAWARNEH (Jordan) said that his delegation welcomed and supported the establishment of a transparent and effective system of accountability and responsibility in accordance with General Assembly resolution 48/218 A. His delegation had noted the report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to that resolution (A/49/418) and agreed that there was a need to reinforce the internal and external audit functions, to review the Financial Regulations and Rules and the related administrative instructions and to provide periodic training both at Headquarters and elsewhere to officials, particularly those involved in peacekeeping operations and procurement.

99. The proposals submitted by the Secretary-General on accountability and responsibility pursuant to the request of the General Assembly were important and interrelated and would serve to enhance the effectiveness of the Secretariat's work, particularly in conjunction with the recommendations of the Ad Hoc Intergovernmental Working Group of Experts.

100. His delegation welcomed the establishment of the Office of Internal Oversight Services. Its activities should cover all units of the Secretariat and it should be given the necessary resources for its task, which it should carry out in coordination with the Board of Auditors and the Joint Inspection Unit, as a vital part of the system of accountability and responsibility.

101. His delegation welcomed the report of the Secretary-General on the restructuring of the Secretariat (A/49/336), which was an ongoing process. The report, however, contained less analysis than the Member States had hoped for and a further report should therefore be submitted on the impact of the restructuring exercise on the Organization's programmes, since it was difficult for Member States to evaluate the exercise fully.

102. Mrs. EMERSON (Portugal) said that, given the strong desire on the part of Member States that mandated programmes should be implemented in an efficient and constructive manner, it would be helpful if the Secretariat could provide information on the inspections which had been undertaken of the Economic and Social Commission for Africa (ECA), the Economic and Social Commission for Western Asia (ESCWA), the Commission on Human Rights, and the language training

programme of the United Nations. She recalled the earlier comments by the Assistant Secretary-General for Internal Oversight Services that there had been indications that the oversight and control programmes for those bodies and programmes had not been fully adequate. She would therefore welcome information on the deficiencies which had been revealed by the inspections and on the steps taken to correct them.

103. Mr. NIAZI (Assistant Secretary-General for Internal Oversight Services) said that the responses of the various offices concerned were still awaited. Upon receipt of those responses, a report would be submitted to the Secretary-General and the results communicated to Member States in due course and in the proper form.

The meeting rose at 1.10 p.m.